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NATIONAL PRESIDENT



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May 4, 1998

The Honorable John McHugh
Chairman, Subcommittee on the Postal Service
Committee on Government Reform and Oversight
United States House of Representatives
B-349C Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

On behalf of the over 45,000 members of the National Association of Postmasters of the United States (NAPUS), I am pleased to submit the following comments to your revisions of H.R. 22, the Postal Reform Act of 1998. We are **grateful** for this opportunity to express our views on this important legislation.

Postmasters recognize the need for postal reform to ensure that the United States Postal Service can remain viable into the 21st Century, and can continue our mission of providing universal service at uniform rates for all Americans. The Postal Service should serve as a model for all government agencies as an entity serving both individuals and businesses equally well. We are proud to play such an important role in driving our nation's economy.

We must state, however, the Postal Service is not without enemies. As this proposal moves forward, we will be closely watching out for provisions strongly supported by those who would have the Postal Service relegated to doing nothing but deliver first-class mail.

We are pleased to continue to work with you and other members of Congress to ensure that reasonable Postal Reform legislation moves forward to the satisfaction of the entire postal community.

Please let us know if we can provide further assistance.

Sincerely,

Ted Carrico
National President

cc: The Honorable Chaka Fattah

COMMENTS ON H.R 22, THE POSTAL REFORM ACT, BY THE NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES (NAPUS)

PROVISIONS SUPPORTED BY NAPUS

Section 202 -- Post Office Closings

Provides that the Postal Service must allow for an appeal of a decision to close or consolidate a post office if such an appeal is *postmarked* within 30 days of notification. Current law states that the Postal Service must *receive* the appeal within 30 days of notification. **NAPUS** also supports the requirement that the USPS abide by local zoning laws and regulations.

Section 401 -- End of Treasury Control of Postal Service Banking

This provision would allow the Postal Service the sole discretion to deposit postal revenues in the Postal Service Fund, and Federal Reserve Funds or any other depository of public funds. The Postal Service would also be able to invest in any funds guaranteed by the federal government without the approval of the Secretary of Treasury, allowing the Postal Service to take better advantage of favorable market conditions.

Section 704 -- Mailbox Demonstration Project

The demonstration project to allow non-postage items to be deposited in private mailboxes has been dropped from the revised version due to the concerns raised by **NAPUS** and other groups. **NAPUS** firmly opposes any provision or effort which would grant private entities access to mailboxes.

Section 801 -- Direct Appeal of MSPB Decisions

The language that would have allowed the CEO of the Postal Service to obtain a review of any decision by the MSPB with regard to employees of or applicants for employment with the Postal Service has been removed from the revised version due to the concerns raised by **NAPUS** and other groups.

PROVISIONS OF CONCERN FOR NAPUS

Section 301 -- Presidential Postal Employee-Management Commission

The revised version of the legislation requires that the National Academy of Public Administration conduct a one-year review of the labor/management problems within the Postal Service. **NAPUS** maintains that these problems are being addressed -- however

gradually -- within the Postal Service through the Summit Meeting process. This process should be allowed to continue before an outside commission is solicited.

Section 703 -- Private Carriage of Letters

Allows for the private carriage of letters priced at \$2.00 or higher. This provision should be removed from the legislation. Competitors of the United States Postal Service insist that the Postal Service should be relegated only to delivering first class letter mail. This being the case, it is imperative above all else to prevent the encroachment by private parcel delivery and express mail companies from entering into the first class letter mail arena.

Title X -- New System Relating to Postal Rates, Classes, and Services

This section represents the bulk of the reform provisions included in H.R. 22, and holds some potentially serious concerns for **NAPUS**. The division created between competitive and non-competitive mail, a private enterprise to market and sell "non-postal" items, and others, are all issues currently undergoing serious review by the Postal Service and by members of Congress.

Serious questions arise about the accounting procedures involved, and how the proposed division between competitive and non-competitive products would impact revenue and expense tracking. The current Account Information Code (AIC) system is already ponderous; constructing two separate accounts for yet-to-be-identified products and services would seem to create an administrative nightmare for postmasters.

A provision that **NAPUS** must wholeheartedly oppose is that which requires the Postal Regulatory Commission (the Postal Rate Commission renamed under this Act) to more specifically define "universal service." Universal Service is broadly defined in Section 101 of Title 39 of the United States Code, and grants the Postal Service broad authority to establish goals for "binding the nation together." This has been a bedrock principle for the Postal Service, and any attempt to narrow the definition should be viewed as a threat to the viability of the current mandate of the Postal Service.

Section 100 1. Subchapter IV: Market Tests of Experimental Products

This section establishes market tests for both competitive and non-competitive products, and allows congressional oversight into any foray into additional products and services made by the Postal Service. The section does not make clear whether it applies retroactively; will current products be subject to market tests, or will this provision be limited to future products only? Additionally, it is becoming more common for enemies of the Postal service to "cry wolf" when there is little more than a perception that the Postal Service might "unfairly" compete with private companies. This section would only encourage Postal Service competitors to ask their allies in Congress to block the Postal Service from expanding into any area beyond first class letter delivery.